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Geothermal Industry Applauds Senate Energy Bill

“We applaud the United States Senate for reaching a compromise and passing vital national energy legislation,” said Karl Gawell, Executive Director of the Geothermal Energy Association. “Senators Domenici (R-NM) and Bingaman (D-NM) showed outstanding leadership in steering this legislation, which contains provisions vital to the growth of the geothermal power industry, through the sometimes treacherous waters of the U.S. Senate.”

“The US faces future shortages of affordable electricity, and the incentives in this bill will help clean, renewable power fill a significant part of that gap,” GEA’s Executive Director asserted.

Of particular importance to the geothermal industry are the tax provisions that expand the Production Tax Credit (PTC) to new geothermal power plants. This tax credit has been widely credited with fueling the dramatic expansion of the wind industry over the past decade. Under the Senate’s legislation, the PTC would be expanded to apply to new geothermal plants as well.

“Today geothermal energy provides nearly 3,000 Megawatts of clean, reliable power to consumers in the Western States. The Production Tax Credit will provide investors the incentive they need to develop much more,” Gawell said.

According to the US Geologic Survey, there are significant undeveloped geothermal resources in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. “The USGS identified over 20,000MW of clean geothermal power potential in those states twenty years ago, but investors have not had the incentive necessary to overcome the expense and risk involved in developing those systems,” Gawell said. In addition to the identified systems, the USGS estimated in 1978 that there could be an additional 72,000 to 127,000 MW in undiscovered systems in the Western States.

“Tapping geothermal energy’s vast potential is essential to achieve healthier air and cleaner water in the West, and it will reduce the threat of global warming for the entire nation. This bill takes a big step in that direction,” Gawell added.

“We thank Senators Grassley (R-IA) and Baucus (D-MT) for supporting this provision as part of the Senate’s tax package. We wish to recognize Senator Harry Reid (D-NV) for his leadership on this issue along with Senators Allard (R-CO), Craig (R-ID), Crapo (R-ID), Feinstein (D-CA), and Lieberman (D-CT) who joined in pushing for the full inclusion of geothermal energy in the PTC during debate on the Senate floor,” Gawell stated.

The Geothermal industry also applauded the provisions of the bill that would create a national renewable portfolio standard (RPS). The bill’s provisions would require 10% of all electricity to

come from renewable energy sources, like geothermal, by the year 2020. While several key geothermal states already have state-level RPS laws or requirements, the bill's provisions would protect those important state efforts while opening a national market for renewable energy.

“Senators Bingaman (D-NM), Jeffords (I-VT) and Reid (D-NV) should be credited for their leadership and vision in securing a national RPS that will ensure a growing national market for clean, renewable power,” Gawell noted.

For more information on geothermal energy visit www.geo-energy.org.